

DEPARTMENT OF FINANCIAL INSTITUTIONS
MINUTES OF MEETING
SEPTEMBER 25, 1997

The Members of the Department of Financial Institutions met at 9:00 a.m., EST, at 402 West Washington Street, Room W-066, Indianapolis, Indiana, on Thursday, September 25, 1997. Members present were Mark Hasten, Chairman; David D. Baer, Gary M. Smith, Richard J. Rice and Tony Zaleski. Also present from the Department were Charles W. Phillips, Director; J. Philip Goddard, Chief Counsel, Deputy Director, Non-Depository Institutions and Secretary; James M. Cooper, Deputy Director, Bank Division; Randall L. Rowe, Bank Supervisor; Kirk J. Schreiber, Bank Analyst; Gina R. Williams, Bank Analyst; Mark K. Powell, Supervisor, Credit Union Division and Ronda Bailey, Administrative Secretary. Board Members Norman Lowery and Ronald Depasse were absent. Representing Heartland Community Bank were Steve Bechman, CEO/President; Jeffery Goben, Executive Vice President; Jeffery Joyce, Controller; John Morin, Vice President; Keith Fox, Vice President; Gordon Dunn, Director and Mark Barnes, Legal Counsel with Leagre Chandler & Millard. Mr. William H. King, President of Indiana Bankers Association, joined the meeting in progress.

I. PUBLIC SESSION

A.) Attendance

B.) Director Phillips introduced the new Board Member. Mr. David D. Baer, Chairman, President and CEO of Monroe County Bank, Bloomington, Indiana. Mr. Baer replaces Mr. W. Paul Wolf. Mr. Baer was sworn in by J. Philip Goddard, Chief Counsel. The Oath and letter from the Governor to the new Member will be made part of the official minute book.

C.) Date of next meeting: October 9, 1997 at 9:00 a.m., EST.

D.) A motion was made for approval of the minutes of the meeting held August 14, 1997 by Mr. Zaleski and was seconded by Mr. Smith. The minutes were unanimously approved.

DIVISION OF BANK AND TRUST COMPANIES

1.) Heartland Community Bank, Franklin, Johnson County, Indiana

The individuals attending the meeting who were representing Heartland Community Bank were first introduced to the Members. Ms. Gina R. Williams, Senior Bank Analyst, presented the application and informed the Members of the following information. Steve Bechman, Jeff Goben, Jeff Joyce, and Keith Fox, as incorporators, have applied to the Members of the Department for approval to form a state chartered commercial bank to be known as Heartland Community Bank ("Heartland") pursuant to IC 28-11-5. The proposed commercial bank's trade territory will be the northern two-thirds of Johnson County consisting of Union, Franklin, Needham, White River, Pleasant, and Clark townships.

Heartland's proposed holding company is to be Heartland Bancshares, Inc. ("Bancshares"). This company applied to the Federal Reserve Bank of Chicago on August 12, 1997, for approval to become a bank holding company. Notice of the approval for Bancshares to become a bank holding company was received in a letter dated September 17, 1997.

Bancshares is offering one million shares of common stock at \$10 per share. Bancshares intends to use the proceeds of the offering to provide the bank's initial capital of at least \$9 million.

Heartland's business strategy will be to emphasize the bank's local management and decision-making, and provide simple, basic banking products at reasonable prices. The recruitment of key personnel who are experienced in banking and are involved in the community is the foundation of the bank's marketing strategy. Ms. Williams informed the Members that after a review of the individual's background, the staff believes the bank has been very successful in this goal.

Heartland intends to conduct its operations from a main office located at 420 N. Morton Street in Franklin. The building is currently being remodeled but it is anticipated that it will be completed for the bank to open in the fourth quarter of 1997. The bank also intends to open a branch in Greenwood, Indiana, on State Road 135. This facility is currently being constructed but it is expected to be ready for the bank's opening or shortly thereafter.

Ms. Williams summarized the four application approval factors pursuant to IC 28-11-5-4 that the Members must consider when approving the application.

Factor #1 The financial standing and character of the incorporators, organizers, directors, principal shareholders and controlling corporations.

A review of the individuals financial statements and biographical backgrounds was conducted as part of the application investigation. No unfavorable items were noted. In addition, the Federal Deposit Insurance Corporation conducts a background investigation that includes Federal Bureau of Investigation criminal checks. This investigation also revealed no unfavorable responses. Ms. Williams stated profiles of these individuals could be found on pages 11 through 17 of the outline. The financial standing and character of the incorporators, organizers, and directors is considered acceptable.

Factor #2 The character, qualifications, and experience of the officers and directors of the proposed institution.

The bank intends to start operations with a staff of approximately 18 employees. Steve Bechman will serve as Chief Executive Officer and President. Mr. Bechman has twenty-one (21) years of banking experience, starting as a collector and working in most areas of the bank. Jeff Goben will be the Chief Operating Officer with a title of Executive Vice President. Mr. Goben has twenty-four (24) years of banking experience working in the areas of branch operations, consumer banking, human resources, and marketing. John Morin will be a Vice President. Mr. Morin also has twenty-four (24) years of banking experience, most recently in the area of consumer lending. Keith Fox will also be a Vice President. Mr. Fox brings fourteen (14) years of banking experience that includes branch operations and commercial lending. In all, these four individuals have eighty-three (83) years of banking experience between them. Finally, Jeff Joyce will be the controller. Mr. Joyce has been a certified public accountant for five (5) years, specializing in financial institutions.

The officers and directors are well known and established in their communities. As a group, they have significant banking and business experience. The character, qualifications, and experience of these individuals is considered acceptable.

Factor #3 The future earnings prospects for the proposed financial institution in the community in which the financial institution is to be established.

Ms. Williams informed the Members that anticipated balance sheet and income projections, and significant ratios could be found on pages 6 through 8 of the outline. The projected future earnings prospects appear reasonable based on the detailed forecast analysis, anticipated competition, proposed marketing plan, and the strength of the holding company.

Factor #4 The adequacy of the financial institutions proposed capital.

The proposed capital of Heartland is considered adequate. The FDIC Statement of Policy, Applications for Deposit Insurance, states that the basic benchmark for evaluating the adequacy of the capital structure of a new institution is that it should have initial capitalization sufficient to provide a ratio of Tier 1 capital to total estimated assets of at least 8% at the end of the third year. Heartland is projecting to have a Tier 1 capital ratio of 12.31% at the end of year three.

Ms. Williams informed the Members that the FDIC was expected to approve the application in the near future. Based on the findings of the investigation by the staff, approval was recommended for the formation of a state-chartered commercial bank to be known as Heartland Community Bank.

Mr. Rice questioned the profitability in years three, four, and five concerning how the applicants determined what the interest rate spread would be and how the cost of funds for that period of time was determined. Mr. Joyce responded that a model was used that started with a cost of funds that was on the conservative side or a little higher than what the current market rate was as of the spring of 1997. Those rates were adjusted upward throughout the five year projections.

Chairman Hasten asked who the biggest competitors were going to be. Steve Bechman responded saying there were fifteen other competitors in the area but Citizens Bank of Central Indiana would be the biggest competitor because of their market share. Chairman Hasten asked what the total deposits of the market area were and the population. Mr. Bechman responded that deposits totaled \$836 million and the population was 104,000.

Chairman Hasten then asked what the applicant would do if additional capital were needed. Mr. Bechman stated that concern had been discussed with the directors, but the directors have not committed to any more funds at this time. He further stated that there had been a tremendous response to the offering and felt the capital level was adequate at this time. They had shocked the balance sheet several different ways to analyze different growth and loss scenarios. With the projected capital, they could sustain considerable asset growth and losses and still have sufficient capital.

Mr. Smith asked if the subscription offering had been over subscribed. Mr. Bechman indicated that it was.

With no further questions, the Members were asked to vote on each of the factors in IC 28-11-5-4. Mr. Phillips indicated that the proposed incorporators, directors, and officers had met with the staff and the staff felt very comfortable with recommending approval of Factors #1 and #2. **Mr. Rice made a motion for approval of the Factors and Mr. Zaleski seconded the motion. Factors #1 and #2 were unanimously approved.**

Concerning Factor #3, Mr. Phillips indicated that the staff felt the applicant was conservative on the earnings projections. **Mr. Baer made a motion for approval of the Factor and Mr. Rice seconded the motion. Factor #3 was unanimously approved.**

With respect to Factor #4, Mr. Phillips told the Members that for the geographic location of the bank's trade area, a capital guideline from the staff's standpoint would be \$7 to \$8 million. The applicant proposes to exceed that level and has an over subscription to the offering. **Mr. Smith made a motion for approval of Factor #4 and Mr. Zaleski seconded the motion. Factor #4 was unanimously approved.**

2.) STAR Financial Bank, Anderson, Anderson, Madison County, Indiana

Ms. Gina R. Williams, Senior Bank Analyst, presented the application to the Members. STAR Financial Bank, Anderson ("Anderson") applied to the Members of the Department for approval to merge with STAR Financial Bank, Columbia City, Columbia City, Whitley County, Indiana, STAR Financial Bank, Marion, Marion, Grant County, Indiana, and STAR Financial Bank, New Castle, New Castle, Henry County, Indiana, pursuant to IC 28-1-7. Anderson will survive the merger and change its name to STAR Financial Bank. All four banks are wholly owned subsidiaries of STAR Financial Group, Inc., ("STAR") Marion, Indiana.

Ms. Williams informed the Members that in conjunction with the mergers of the four banks, STAR would contribute the stocks of two other wholly owned, nonbank subsidiaries, STAR Financial Systems, Inc., and STAR Financial Card Services, Inc. to the surviving institution. The pro forma in the outline reflects the capital contribution of these two entities.

On a pro forma basis as of June 30, 1997, the resulting bank will have total assets of approximately \$953 million and a Tier 1 capital ratio of 6.92%. The three-year average return on assets for Anderson, Columbia City, Marion, and New Castle are 1.03%, 1.01%, 0.86%, and 0.88%, respectively.

Following the merger, the resulting bank's investment in land and buildings will be 36.23% of sound capital. Total fixed assets will represent 24.96% of total assets.

Ms. Williams informed the Members that STAR received a Satisfactory BOPEC rating at its most recent inspection which commenced on August 19, 1996. Each of the four banks also received a Satisfactory rating at their most recent Safety and Soundness Examinations and CRA/Compliance Examinations.

With respect to senior management and the board of directors, Robert Wright will be Chairman and CEO, James Marcuccilli will be Vice Chairman, and Osborne Morgan will be President. The board of directors will consist of the current board of directors of STAR Financial Bank, Anderson.

Ms. Williams informed the Members that the staff believes the factors listed in IC 28-1-7-4 have been met and therefore recommends approval of the application.

Mr. Baer commented on the level of capital being below 7%. Ms. Williams indicated that it has historically been around 6.5% or just a little higher. Mr. Baer commented on profitability to which Mr. Phillips responded that overhead expense associated with the data processor center has affected profitability.

Mr. Hasten asked about the asset quality of the institutions. Ms. Williams responded that the last examination of each institution did not reveal significant asset quality problems.

A motion for approval of the application was made by Mr. Zaleski and seconded by Mr. Smith. The application was unanimously approved.

DIRECTOR'S COMMENTS AND REQUESTS

A) Goodland State Bank, Goodland, Newton County, Indiana

The bank notified the Department that they have closed their branch banking office that was known as the "Newton Street Branch" located at 327 S. Newton Street, Goodland, Newton County, Indiana. The office was closed on September 22, 1997 @ 6:00 P.M.

B) Irwin Union Bank and Trust Company, Columbus, Bartholomew County, Indiana

On July 28, 1997, the bank notified the Department of its intent to form a subsidiary to be known as "Securities, Inc., Columbus, Bartholomew County, Indiana. The subsidiary will be located at 520 Washington Street, Columbus, Bartholomew County, Indiana. The purpose of the subsidiary is to engage in brokerage activities. This item was for informational purposes only.

C) **Alliance Bank, Vincennes, Knox County, Indiana**

On August 1, 1997, the bank notified the Department of its intent to form a subsidiary to be known as UniFed, Inc., Vincennes, Knox County, Indiana. The subsidiary will be located at 619 Main Street, Vincennes, Knox County, Indiana. UniFed, Inc. deals in investment securities, offering discount brokerage services, annuities and mutual funds. This item was for informational purposes only.

- D) The Director advised the Members of actions pursuant to delegated authority. Mr. Phillips asked for any questions or clarifications of the actions, which are as follows:

DIVISION OF BANK AND TRUST COMPANIES

1) **OWEN COMMUNITY BANK, S.B., SPENCER, OWEN COUNTY, INDIANA**

The bank has applied to the Department for approval to establish a branch banking office to be located at **102 South Main Street, Cloverdale, Putnam County, Indiana**. The application was received on August 4, 1997, and the branch is to be known as **“Owen Community Bank, s.b. Cloverdale Branch.”** No insider relationship exists between any insiders of the bank and any of the parties involved. The bank purchased the property in 1996 from Ruth Vaughn and Linda Hadley for \$120M. The estimated cost to construct the 2,116 square foot facility is \$500M. The estimated cost for furniture, fixtures, and equipment is \$150M. The bank received a satisfactory CAMEL rating as a result of an examination conducted by the DFI as of December 31, 1996. The bank's three-year average ROA is 0.83%. As of March 31, 1997, the Tier 1 leverage capital ratio is 15.10%. The investment in total fixed assets to total capital will increase from 15.60% before the proposed branch to 26.30% after the investment in the branch. This will be the institution's first branch. **The Director approved this on August 13, 1997, under Delegated Authority.**

2) **REPUBLIC BANK, ST. PETERSBURG, PINELLAS COUNTY, FLORIDA**

An application for issuance of a certificate of admission was received from Republic Bank on August 6, 1997. Republic Bank intends to solicit mortgage loans and related activities via mail and telephone solicitation. Republic Bank will not have a branch located in the Indiana. Republic Bank is organized under the laws of the State of Florida. National Registered Agents, 320 N. Meridian Street, Indianapolis, Marion County, Indiana, has been appointed as resident agent by Republic Bank for service of legal process. **A Certificate of Admission was issued under Delegated Authority on August 13, 1997.**

3) **CAPSTONE BANK, NATIONAL ASSOCIATION, WATSEKA, IROQUOIS, ILLINOIS**

An application for issuance of a certificate of admission was received from Capstone Bank, National Association ("Capstone") on July 28, 1997. Capstone filed the application to transact business in the State of Indiana in accordance with the provisions of IC 28-1-22 and IC 28-2-17. Capstone intends to operate branches in Indiana as a result of an interstate merger transaction with Goodland State Bank, Goodland, Newton County, Indiana. Capstone will be the surviving entity of the merger transaction. Calvin M. Illingworth, 220 S. Newton, P.O. Box 416, Goodland, Newton County, Indiana, has been appointed as resident agent by Capstone Bank for service of legal process. **A Certificate of Admission was issued under Delegated Authority on August 13, 1997.**

4) **CENTIER BANK, WHITING, LAKE COUNTY, INDIANA**

The bank has applied to the Department for approval to establish a branch banking office to be located inside a Sterk's Super Foods grocery store at **1836 Calumet Avenue, Whiting, Lake County, Indiana**. The application was received on July 15, 1997, and the branch is to be known as **"Whiting Sterk's Branch."** No insider relationship exists between any insiders of the bank and any of the parties involved. The bank will lease approximately 300 square feet from Don Gootee and Thomas Peklansky, Partnership for \$1,500.00 per month. The term of the lease is for five years with five, three year renewal options. The estimated cost for furniture, fixtures, and equipment is \$75,000 and leasehold improvements are estimated at \$75,000. The bank received a satisfactory CAMEL rating as a result of an examination conducted by the FDIC as of June 30, 1996. The bank's three-year average ROA is 1.04%. As of March 31, 1997, the Tier 1 leverage capital ratio is 6.53%. The investment in total fixed assets to total capital will increase from 19.56% before the proposed branch to 19.88% after the investment in the branch. **The Director approved this on August 29, 1997, under Delegated Authority.**

5) **THE FOUNTAIN TRUST COMPANY, COVINGTON, FOUNTAIN COUNTY, INDIANA**

The bank applied to establish a branch bank in Waynetown, Indiana on December 19, 1996, and received approval by the Department under Delegated Authority on January 31, 1997. The bank had designated a temporary branch bank location at **105 N. Vine Street, Waynetown, Indiana** and a permanent location at **108 N. Vine Street, Waynetown, Indiana**. The bank has since been able to enter into a contract for the purchase of an existing branch bank facility located at **110 E. Washington Street, Waynewtown, Indiana**, which was formerly occupied by National City Bank of Indiana until its closing on April 30, 1997. The change of the permanent location does not materially alter the previous application analysis. **The Director approved this on August 29, 1997, under Delegated Authority.**

6) **COMMUNITY TRUST & INVESTMENT COMPANY, GREENCASTLE, PUTNAM COUNTY, INDIANA**

The corporate fiduciary has applied to the Department for approval to pay dividends while under a dividend restriction. The formation of the corporate fiduciary was approved on March 11, 1993, and was conditioned upon no dividends being paid for the first five years of operation unless specifically approved by the Director. The proposed dividend of \$.60 per share for the 136,000 shares was declared on August 1, 1997, and payable September 18, 1997. The total dividend payment will amount to \$81,600. The net income for the corporate fiduciary for the fiscal year end June 30, 1997 was \$169,754.36. Total equity capital as of June 30, 1997, was \$739,622.42. This is the first dividend declared by the corporate fiduciary since its inception. **The Director approved this on August 29, 1997, under Action Taken by the Director on August 29, 1997.**

7) **ALLIANCE BANK, VINCENNES, KNOX COUNTY, INDIANA**

The bank has applied to the Department for approval to pay dividends in excess of what is permitted by IC 28-13-4-3. The bank's dividend request asks approval to pay a cash dividend of \$1,100,000.00 to its holding company, National City Bancshares, Inc. Budgeted net income for 1997 is \$2,000,000.00. Pro forma tier 1 leverage capital ratio after the payment of the dividend would be approximately 8.00% as of June 30, 1997. Alliance Bank was formerly the State Bank of Washington. Effective June 30, 1997, State Bank of Washington was the surviving institution of a merger with United Federal Savings Bank of Vincennes.

At the effective time of the merger, the bank's name was changed to Alliance Bank and relocated to Vincennes, Indiana. **The Director approved this on September 5, 1997, under Delegated Authority.**

8) **INDIANA COMMUNITY BANK, SB, LEBANON, BOONE COUNTY, INDIANA**

The bank has applied to the Department for approval to pay dividends in excess of what is permitted by IC 28-13-4-3. The bank's dividend request asks approval to pay a cash dividend of eighteen (\$.18) cents per share payable September 19, 1997, to all shareholders of record as of September 2, 1997. Pro forma tier 1 leverage capital after the payment of the dividend would be 12.1% as of June 30, 1997. The bank's budgeted net income for fiscal year ending June 30, 1998, is \$751,000. **The Director approved this on September 5, 1997, under Delegated Authority.**

9) **SALIN BANK AND TRUST COMPANY, INDIANAPOLIS, MARION COUNTY, INDIANA**

The bank has applied to the Department for approval to establish a branch banking office to be located inside a Kroger Supermarket at **930 West Main Street, Peru, Miami County, Indiana**. The application was received on August 22, 1997, and the branch is to be known as **"Salin Bank & Trust Company."** No insider relationship exists between any insiders of the bank and any of the parties involved. The bank will lease approximately 257 square feet from the Kroger Company, an Ohio Corporation, for \$24,000 per year. The lease is for five years. Leasehold improvements are estimated to cost \$80M. Furniture, fixtures, and equipment costs are projected to be \$50M. The bank received a satisfactory CAMEL rating as a result of an examination conducted by the DFI as of December 31, 1996. The bank's three-year average ROA is 1.21%. As of June 30, 1997, the Tier 1 leverage capital ratio is 9.17%. The investment in total fixed assets (including the branch described below) to total capital will increase from 18.64% before the proposed branch to 19.99% after the investment in the branch. This will be the institution's twenty-fourth branch. **The Director approved this on September 16, 1997, under Delegated Authority.**

10) **SALIN BANK AND TRUST COMPANY, INDIANAPOLIS, MARION COUNTY, INDIANA**

The bank has entered into a branch purchase and assumption agreement dated July 28, 1997, with NBD Bank, National Association, Indianapolis, Indiana. The bank will purchase approximately \$19,751M in cash, \$142M in premises and equipment, \$101M in other assets and will assume approximately \$19,994M in deposits through its acquisition of NBD Bank's branch in Edinburgh, Johnson County, Indiana. The bank will pay a deposit premium of 8.79%, or \$1,757M, of total deposits as defined in the agreement.

The bank has applied to the Department for approval to establish a branch banking office to be located at **100 West Main Street, Edinburgh, Johnson County, Indiana**. The application was received on August 21, 1997, and the branch is to be known as **"Salin Bank & Trust Company."** No insider relationship exists between any insiders of the bank and any of the parties involved. The proposed branch is approximately 6,568 square feet.

Pursuant to the agreement, the bank will acquire the land and building for \$130M. Furniture, fixtures, and equipment costs are projected to be \$62M. The bank received a satisfactory CAMEL rating as a result of an examination conducted by the DFI as of December 31, 1996.

The bank's three-year average ROA is 1.21%. As of June 30, 1997, the Tier 1 leverage capital ratio is 9.17%. The investment in total fixed assets to total capital will increase from 18.64% before the proposed branch to 19.99% after the investment in the branch. This will be the institution's twenty-fifth branch. **The Director approved this on September 18, 1997, under Delegated Authority.**

11) PNC BANK, NATIONAL ASSOCIATION, PITTSBURGH, ALLEGHENY, PENNSYLVANIA

An application for issuance of a certificate of admission was received from PNC Bank, National Association ("PNC") on August 21, 1997. PNC filed the application to transact business in the State of Indiana in accordance with the provisions of IC 28-1-22 and IC 28-2-17. PNC intends to operate branches in Indiana as a result of an interstate merger transaction with PNC Bank, Indiana, Inc., New Albany, Floyd County, Indiana. PNC will be the surviving entity of the merger transaction. PNC Bank, Indiana, Inc. will no longer exist as a corporate entity, and its head office and branches will be branches of PNC. Kevin J. Cecil, 420 State Street, New Albany, Floyd County, Indiana, has been appointed as resident agent by PNC for service of legal process. **A Certificate of Admission was issued under Delegated Authority on September 18, 1997.**

12) LAKE CITY BANK, WARSAW, KOSCIUSKO COUNTY, INDIANA

The bank has entered into a purchase and assumption agreement dated July 31, 1997, with KeyBank, National Association, Cleveland, Ohio for six bank branches. The bank will purchase approximately \$43,913M in cash, \$1,714M in premises and equipment, \$23,924M in loans and will assume approximately \$69,114M in deposits through its acquisition of KeyBank's branches in Columbia City, Kendallville, Ligonier, Logansport, Medaryville, and Rochester. The bank will pay a deposit premium of 13.15%, or \$8,925M, of total deposits as defined in the agreement.

The bank has applied to the Department for approval to establish six branch banking offices to be located at **1) 601 Countryside Drive, Columbia City, Whitley County, Indiana; 2) 113 North Main Street, Kendallville, Noble County, Indiana; 3) 222 South Cavin Street, Ligonier, Noble County, Indiana; 4) 3900 U.S. Highway 24 East, Logansport, Cass County, Indiana; 5) the corner of Inventory Street and Main Street, Medaryville, Pulaski County, Indiana; and 6) 913 Main Street, Rochester, Fulton County, Indiana**

The application was received on August 19, 1997. No inside relationship exists between any insiders of the bank and any of the parties involved. Pursuant to the agreement, the bank will acquire buildings for \$1,553M. It is estimated that leasehold improvements will cost \$25M. Furniture, fixtures, and equipment costs are projected to be \$136M. The bank will invest an additional \$500M on furniture, fixtures and equipment for the six branches after the consummation of the purchase and assumption agreement. The bank received a satisfactory CAMEL rating as a result of an examination conducted by the DFI as of December 31, 1996.

The bank's three-year average ROA is 1.07%. As of June 30, 1997, the Tier 1 leverage capital ratio is 6.63%. On September 9, 1997, the bank's holding company Lakeland Financial Corp. Warsaw, Indiana, provided the bank with a \$17 million

capital infusion. The investment in total fixed assets to total capital will decrease from 34.93% as of June 30, 1997, to 29.91% after the investment in all of the fixed assets and capital injection. This institution will have a total of forty-one branches after the purchase and assumption agreements are consummated. **The Director approved this on September 18, 1997, under Delegated Authority**

13) **LAKE CITY BANK, WARSAW, KOSCIUSKO COUNTY, INDIANA**

The bank has entered into a branch purchase and assumption agreement dated July 28, 1997, with NBD Bank, National Association, Indianapolis, Indiana. The bank will purchase approximately \$25,160M in cash, \$342M in premises and equipment, \$58M in loans and will assume approximately \$25,809M in deposits through its acquisition of NBD Bank's branch in Huntington, Indiana. The bank will pay a deposit premium of 13.15%, or \$3,334M, of total deposits as defined in the agreement. The bank has applied to the Department for approval to establish a branch banking office to be located at **1501 North Jefferson Street, Huntington, Huntington County, Indiana**. The application was received on August 19, 1997, and the branch is to be known as **"Lake City Bank, Huntington Office."** No insider relationship exists between any insiders of the bank and any of the parties involved. The proposed branch is approximately 3,636 square feet. Pursuant to the agreement, the bank will acquire the land and building for \$230M. Furniture, fixtures, and equipment costs are projected to be \$12M. After consummation of the agreement, the bank will invest an estimated \$25M in building and \$75M in furniture, fixtures and equipment.

The bank received a satisfactory CAMEL rating as a result of an examination conducted by the DFI as of December 31, 1996. The bank's three-year average ROA is 1.07%. As of June 30, 1997, the Tier 1 leverage capital ratio is 6.63%. On September 9, 1997, the bank's holding company Lakeland Financial Corp. Warsaw, Indiana, provided the bank with a \$17 million capital infusion. The investment in total fixed assets to total capital will decrease from 34.93% as of June 30, 1997, to 29.91% after the investment in all of the fixed assets and capital injection. This institution will have a total of forty-one branches after the purchase and assumption agreements are consummated. **The Director approved this on September 18, 1997, under Delegated Authority.**

14) **FIRST SAVINGS BANK, A FEDERAL SAVINGS BANK, THREE RIVERS, ST. JOSEPH COUNTY, MICHIGAN**

An application for issuance of a certificate of admission was received from First Savings Bank, a Federal Savings Bank ("FSB") on July 22, 1997. FSB filed the application to transact business in the State of Indiana in accordance with the provisions of IC 28-1-22. FSB intends to transact business as a federal savings bank through branch offices in Indiana.

FSB has appointed CT Corporation System, One North Capital Avenue, Indianapolis, Marion County, Indiana, as resident agent for service of legal process. **A Certificate of Admission was issued under Delegated Authority on September 18, 1997.**

CREDIT UNION DIVISION

- 1) **DEKALB FINANCIAL CREDIT UNION, AUBURN, DEKALB COUNTY, INDIANA**
Request for approval of a Petition for Approval of Proposed Amendment to the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union:

Operative Plasterer's and Cement Masons Local # 692 - Area # 101

Fort Wayne - 53 members

The Auburn House - Auburn - 30 members

Pranger Enterprise, Inc. - Ashley - 13 members

Complete Maintenance Services, Inc. - Ashley - 200 members

The Director approved this on August 19, 1997, under Delegated Authority.

- 2) **INDIANAPOLIS POWER & LIGHT COMPANY EMPLOYEES CREDIT UNION, INDIANAPOLIS, MARION COUNTY, INDIANA**

Request for approval of a Petition for Approval of Proposed Amendment to the Articles of Incorporation. This amendment would change the name of the credit union to IPALCO Credit Union.

The Director approved this on August 19, 1997, under Delegated Authority.

- 3) **KEMBA (INDIANAPOLIS) CREDIT UNION, INDIANAPOLIS, MARION COUNTY, INDIANA**

Request for approval of a Petition for Approval of Proposed Amendment to the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union:

Continental Office Furniture - Indianapolis - 40 members

Boyd Engineering, Inc. - Indianapolis - 2 members

The Director approved this on August 21, 1997, under Delegated Authority.

- 4) **TECH CREDIT UNION, CROWN POINT, LAKE COUNTY, INDIANA**
Request for approval of a Petition for Approval of Proposed Amendment to the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union:
- Operative Plasterer's and Cement Masons Local # 692 - Areas # 165 & 406
Gary & East Chicago - 312 members
Real Kleen Environmental, Inc. - Griffith - 7 members
Strategic Financial Solutions - Crown Point - 3 members
JEM Enterprises - Crown Point - 2 members
Trailer Transit, Inc. - Porter - 32 members
Pollution Control Industries - East Chicago - 140 members
The Director approved this on August 21, 1997, under Delegated Authority.
- 5) **TEACHERS CREDIT UNION, SOUTH BEND, ST. JOSEPH COUNTY, INDIANA**
Request for approval of a Petition for Approval of Proposed Amendment to the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union:
- Camp Millhouse - South Bend - 2 members
Shirk Piano & Organ Company - Mishawaka - 17 members
Multi-Cultural and Educational Community Center, Inc. - Elkhart - 3 members
M&L Financial Solutions, LLC - Granger - 2 members
The Director approved this on August 25, 1997, under Delegated Authority.
- 6) **TELCO CREDIT UNION, INDIANAPOLIS, MARION COUNTY, INDIANA**
Request for approval of a Petition for Approval of Proposed Amendment to the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union:
- Circle V Brewing Company - Indianapolis - 28 members
Tetra Pak, Inc. - Greenwood - 175 members
CMG Worldwide, Inc. - Indianapolis - 42 members
Weston Corporation - Greenwood - 3 members
Grady Brothers, Inc. - Indianapolis - 70 members
All Star Tire & Auto Service Company, Inc. - Indianapolis - 7 members
Lone Star Investments, Inc. - Indianapolis - 10 members
American Environmental Corporation - Indianapolis - 27 members
O'Malia Food Markets, Inc. - Carmel - 625 members
Harlan Bakeries, Inc. - Avon - 235 members

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Independent Stationers, Inc. - Indianapolis - 31 members
Skyline Communications, Inc. - Whiteland - 15 members
Broadmoor Country Club - Indianapolis - 75 members
R.H. Marlin, Inc. - Indianapolis - 100 members
SPG Graphics, Inc. - Indianapolis - 70 members
Hamilton County Convention and Visitors Bureau - Fishers - 7 members
Milestone Contractors, L.P. - Indianapolis - 1,000 members
Central Indiana Farm Bureau Cooperative, Inc. - Indianapolis - 45 members
Macmillan Publishing USA - Indianapolis - 1,000 members
The Director approved this on August 29, 1997, under Delegated Authority.

7) MEMBERS ADVANTAGE CREDIT UNION, MICHIGAN CITY, LAPORTE COUNTY, INDIANA

Request for approval of a Petition for Approval of Proposed Amendment to the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union:

Performance Packaging, Inc. - Michigan City - 54 members
The Director approved this on September 3, 1997, under Delegated Authority.

8) UNITED CREDIT UNION, WARSAW, KOSCIUSKO COUNTY, INDIANA

Request for approval of a Petition for Approval of Proposed Amendment to the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union:

Flexaust Company, Inc. - Warsaw - 75 members
The Director approved this on September 3, 1997, under Delegated Authority.

9) CENTRA CREDIT UNION, COLUMBUS, BARTHOLOMEW COUNTY, INDIANA

Request for approval of a Petition for Approval of Proposed Amendment to the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union:

J & R Indiana Stampings, Inc. - Madison - 12 members
Deaton Industries, Inc. - Shelbyville - 14 members
Jim Hadley Chevrolet - Madison - 60 members
Visiting Nurse Association of Southeastern Indiana, Inc. - Jeffersonville - 145 members

Regal Rugs, Inc. - North Vernon - 310 members
North Vernon Industry, Corporation - North Vernon - 7 members
Robus Leather Corporation - Madison - 110 members
Royer Corporation - Madison - 40 members
Croxtton Motors Sales - Madison - 6 members
The Director approved this on September 3, 1997, under Delegated Authority.

10) INDIANA MEMBERS CREDIT UNION, INDIANAPOLIS, MARION COUNTY, INDIANA

Request for approval of a Petition for Approval of Proposed Amendment to the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union:

Medshares Home Care of Indiana - Indianapolis - 20 members
Dana Wodtke, CMT - Boulder, CO - 1 member
Citizens Insurance/Allmerica Financial - Indianapolis - 95 members
Mid America Clinical Laboratories, LLC - Indianapolis - 330 members
MBP, Inc. - Indianapolis - 38 members
CREW Technical Services - Indianapolis - 65 members
Garner's Landscaping Group - Indianapolis - 7 members
The Director approved this on September 4, 1997, under Delegated Authority.

CREDIT UNION DIVISION

- 1) 10 Minute Loans, Inc.** is requesting a consumer loan license. Applicant is based in Indianapolis. Loans in Indiana will be made at two Indianapolis branches . They will be making Payday loans. They will be servicing their loans. Applicant is recommended for approval. **The Director approved this on August 22, 1997, under Delegated Authority.**
- 2) Accredited Home Lenders, Inc.** is requesting a consumer loan license. Applicant is based in San Diego, CA. They will be making second mortgage loans and will be servicing their loans. Loans will be closed by a title company. They currently operate in sixteen states. Applicant is recommended for approval. **The Director approved this on August 22, 1997, under Delegated Authority.**
- 3) AKT Mortgage Group, Inc.** is requesting a consumer loan license. Applicant is based in Anaheim Hills, CA. They will be making second mortgage loans and they will not be

servicing their loans. Loans will be closed by a title company. They currently operate in eight states. Applicant is recommended for approval. **The Director approved this on August 22, 1997, under Delegated Authority.**

- 4) **American Mortgage Reduction, Inc.** is requesting a consumer loan license. Applicant is based in Owings Mills, MD. They will be making second mortgage loans and all loans will be serviced by IMC Mortgage (LL #1234). Applicant is recommended for approval. **The Director approved this on August 22, 1997, under Delegated Authority.**
- 5) **BrookAmerica Mortgage Corp. d/b/a MortgageDIRECT** is requesting a consumer loan license. Applicant is based in Santa Ana, CA. They will be making second mortgage loans and will not be servicing their loans. Loans will be closed by a title company. They currently operate in nineteen states. Applicant is recommended for approval. **The Director approved this on August 22, 1997, under Delegated Authority.**
- 6) **Concorde Acceptance Corporation** is requesting a consumer loan license. Applicant is based in Irving, TX. They will be making second mortgage loans and will be servicing their loans. Loans will be closed by a title company. They currently operate in four states. Applicant is recommended for approval. **The Director approved this on August 22, 1997, under Delegated Authority.**
- 7) **EquiFirst Corporation** is requesting a consumer loan license. Applicant is based in Charlotte, NC. They will be making second mortgage loans and will be servicing their loans. Loans will be closed by a title company. They currently operate in nine states. Applicant is recommended for approval. **The Director approved this on August 22, 1997, under Delegated Authority.**
- 8) **Equity Mortgage Company (IMC), Inc.** is requesting a consumer loan license. Applicant is based in Owings Mills, MD. They will be making second mortgage loans and all loans will be serviced by IMC Mortgage (LL #1234). Loans will be closed by a title company. Applicant is recommended for approval. **The Director approved this on August 22, 1997, under Delegated Authority.**
- 9) **First Federal Mortgage Corporation** is requesting a consumer loan license. Applicant is based in Bethesda, MD. They will be making second mortgage loans and will not be servicing their loans. Loans will be closed by a title company. They currently operate in six states. Applicant is recommended for approval. **The Director approved this on August 22, 1997, under Delegated Authority.**

- 10) **First Franklin Financial Corporation** is requesting a consumer loan license. Applicant is based in San Jose, CA. They will be making second mortgage loans and will not be servicing their loans. Loans will be closed by a title company. Applicant is recommended for approval. **The Director approved this on August 22, 1997, under Delegated Authority.**
- 11) **MILA, Inc** is requesting a consumer loan license. Applicant is based in Lynnwood, NJ. They will be making second mortgage loans and they will not be servicing their loans. Loans will be closed by a title company. They currently operate in fifteen states. Applicant is recommended for approval. **The Director approved this on August 22, 1997, under Delegated Authority.**
- 12) **FT Mortgage Companies d/b/a (1) MNC Mortgage, (2) Sunbelt National Mortgage, (3) Carl I. Brown Mortgage, and (4) Emerald Mortgage,** is requesting a consumer loan license. Applicant is based in Dallas, TX. They will be making second mortgage loans and will be servicing their loans. Loans will be closed by a title company. They currently operate in 47 states. Applicant is recommended for approval. **The Director approved this on August 22, 1997, under Delegated Authority.**
- 13) **Money America, Inc.** is requesting a consumer loan license. Applicant is based in Charlotte, NC. They will be making second mortgage loans and will not be servicing their loans. Loans will be closed by a title company. They currently operate in five states. Applicant is recommended for approval. **The Director approved this on August 22, 1997, under Delegated Authority.**
- 14) **QC Financial Services Inc. d/b/a Quik Cash** is requesting a consumer loan license. Applicant is based in Kansas City, KS. Loans in Indiana will be made at three branches in Indianapolis. They will be making Payday loans. They are currently licensed as a Check Casher (008-061). They will be servicing their loans. They currently operate in Missouri and Kansas. Applicant is recommended for approval. **The Director approved this on August 22, 1997, under Delegated Authority.**
- 15) **Wausau Mortgage Corporation** is requesting a consumer loan license. Applicant is based In Pleasanton, CA. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by a title company. They currently operate in three states. Applicant is recommended for approval. **The Director approved this on August 22, 1997, under Delegated Authority.**

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- 16) **Servicio UniTeller, Inc.** is requesting a money transmitter license. Applicant is based in Midland Park, NJ. There are no Delegates/Agents at this time. Applicant has met all of the statutory financial requirements under the Act. Money will be transmitted by wire transfers to Mexico. They currently operate in seven states. Applicant is recommended for approval. **The Director approved this on August 22, 1997, under Delegated Authority.**

APPROVED:

ATTEST:

Mark Hasten, Chairman

J. Philip Goddard, Secretary